

Executive Summary



EXECUTIVE SUMMARY

The Quarterly Budget Report provides the Board of Supervisors, County departments, members of the public, and other interested parties with an overview of the current status of revenues, expenditures, Net County Cost (NCC), total budgeted positions and various departmental issues requiring recommended changes to the County's budget. The Executive Summary provides information at a summary level. Detailed information is provided following the Executive Summary.

Revenue

Year-to-date revenues are measured against a budget plan modeled after last year's actual receipts. Overall, total County revenues are 5.6% below budget. General Fund total revenues are .34% below budget. These variances are due primarily to the timing of revenue receipts in the current fiscal year compared to FY 05-06, and are more than offset by an under run in expenditures. Detailed variance explanations are provided in the Revenue section of the report for those agencies/funds with variances greater than 10% and \$100,000, or greater than \$1,000,000. All significant unfavorable variances are researched and, where necessary, the responsible department and the CEO develop corrective action plans to address those variances.

General Purpose revenues are \$10 million, or 21%, below budget. This is primarily due to the timing of property tax revenue receipts compared to FY 05-06, and higher Vehicle License Fee (VLF) revenue receipts in the first quarter of FY 05-06 due to the \$26.5M VLF gap loan repayment from the State. Public Safety Sales Tax is \$1.5 million, or 7%, above budget. Health and Welfare Realignment Revenues are \$11 million, or 28%, below budget compared to last year. Realignment revenue receipts during the first quarter of FY 05-06 included an additional allocation by the State based on caseload growth back to 1998. No additional allocation is included in the FY 06-07 first quarter receipts.

Expense

Year-to-date expenditures/encumbrances are measured against a budget plan modeled after last year's actual. Overall, total County expenditures/encumbrances are about 26% below budget compared to FY 05-06. This variance is due to multiple reasons including the timing of expenditures and encumbrances compared to FY 05-06, the deferral or delay of projects, and continued position vacancies. Specific variance explanations are provided in the Expense section of the report for those agencies/funds with variances greater than 10% and \$100,000, or greater than \$1,000,000. All significant unfavorable variances are researched and, where necessary, the responsible department and the CEO develop corrective action plans to address those variances. Provided in the Expense section of this report is detail of actual salary and benefit, services and supplies, and fixed asset expenditures for each applicable fund/agency.

Net County Cost

Net County Cost (NCC) is \$140 million or 23% below budget. This variance is predominately due to the timing of revenue receipts and expenditures/encumbrances in the

current fiscal year compared to FY 05-06. NCC departmental requests recommended for approval in this report total \$5 million, of which \$3.4 million is for the CAPS (Countywide Accounting and Personnel System) upgrade/replacement project, and which is offset by a decrease to the General Fund CAPS reserve. Details of these requests are provided in the Budget Issues section.

Cash and Reserves

Overall, total County cash balances are 18% greater than the level 12 months ago. The overall cash has increased primarily due to the conversion of trust funds to budgeted funds as required by GASB 34. The three-month net decrease to reserves of \$20 million is attributable to budgeted decreases to reserves that were booked in August.

Budget Issues

This report contains recommended budget changes related to a variety of departmental issues including fund balance available adjustments, recommendations for allocation of the final FY 2005-06 General Fund fund balance available, reconciliation to the final State budget, recognition of grant funds, position changes, technical budget adjustments, and revised Central Utility Facility steam and chilled water rates. Also included in the Budget Issues section are the results of the Grant Survey originally requested by the Board during the FY 2005-06 Budget Hearings.

Positions

Effective with the FY 05-06 First Quarter Budget Report, a new policy regarding long-term vacant positions was implemented. The policy recognizes that a higher number of vacant positions is the natural result of the hiring freeze and other financial planning efforts. As such, the County Executive Office (CEO) will continue the existing quarterly review of vacant and expiring limited-term positions. In addition, a new requirement was implemented whereby any department requesting a new position shall also delete an offsetting long-term vacant position. Long-term is defined as any position vacant for 12 months or longer. The new position, consistent with any augmentation request, is still subject to a needs assessment and shall include outcome indicators. Details of this quarter's position adds and deletes can be found in the Budget Issues and Human Resources Issues sections.